

1 AN ACT in relation to public employee benefits.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Illinois Pension Code is amended by
5 changing Section 15-112 as follows:

6 (40 ILCS 5/15-112) (from Ch. 108 1/2, par. 15-112)

7 Sec. 15-112. Final rate of earnings. "Final rate of
8 earnings": For an employee who is paid on an hourly basis or
9 who receives an annual salary in installments during 12
10 months of each academic year, the average annual earnings
11 during the 48 consecutive calendar month period ending with
12 the last day of final termination of employment or the 4
13 consecutive academic years of service in which the employee's
14 earnings were the highest, whichever is greater. For any
15 other employee, the average annual earnings during the 4
16 consecutive academic years of service in which his or her
17 earnings were the highest. For an employee with less than 48
18 months or 4 consecutive academic years of service, the
19 average earnings during his or her entire period of service.
20 The earnings of an employee with more than 36 months of
21 service prior to the date of becoming a participant are, for
22 such period, considered equal to the average earnings during
23 the last 36 months of such service. For an employee on leave
24 of absence with pay, or on leave of absence without pay who
25 makes contributions during such leave, earnings are assumed
26 to be equal to the basic compensation on the date the leave
27 began. For an employee on disability leave, earnings are
28 assumed to be equal to the basic compensation on the date
29 disability occurs or the average earnings during the 24
30 months immediately preceding the month in which disability
31 occurs, whichever is greater.

1 For a participant who retires on or after the effective
2 date of this amendatory Act of 1997 with at least 20 years of
3 service as a firefighter or police officer under this
4 Article, the final rate of earnings shall be the annual rate
5 of earnings received by the participant on his or her last
6 day as a firefighter or police officer under this Article, if
7 that is greater than the final rate of earnings as calculated
8 under the other provisions of this Section.

9 If a participant is an employee for at least 6 months
10 during the academic year in which his or her employment is
11 terminated, the annual final rate of earnings shall be 25% of
12 the sum of (1) the annual basic compensation for that year,
13 and (2) the amount earned during the 36 months immediately
14 preceding that year, if this is greater than the final rate
15 of earnings as calculated under the other provisions of this
16 Section.

17 In the determination of the final rate of earnings for an
18 employee, that part of an employee's earnings for any
19 academic year beginning after June 30, 1997, which exceeds
20 the employee's earnings with that employer for the preceding
21 year by more than 20 percent shall be excluded; in the event
22 that an employee has more than one employer this limitation
23 shall be calculated separately for the earnings with each
24 employer. In making such calculation, only the basic
25 compensation of employees shall be considered, without regard
26 to vacation or overtime or to contracts for summer
27 employment.

28 The following are not considered as earnings in
29 determining final rate of earnings: severance or separation
30 pay, retirement pay, payment for unused sick leave and
31 payments from an employer for the period used in determining
32 final rate of earnings for any purpose other than services
33 rendered, leave of absence or vacation granted during that
34 period, and vacation of up to 56 work days allowed upon

1 termination of employment; except that, if the benefit has
2 been collectively bargained between the employer and the
3 recognized collective bargaining agent pursuant to the
4 Illinois Educational Labor Relations Act, payment received
5 during a period of up to 2 academic years for unused sick
6 leave may be considered as earnings in accordance with the
7 applicable collective bargaining agreement, subject to the
8 20% increase limitation of this Section. Any unused sick
9 leave considered as earnings under this Section shall not be
10 taken into account in calculating service credit under
11 Section 15-113.4.

12 Intermittent periods of service shall be considered as
13 consecutive in determining final rate of earnings.

14 (Source: P.A. 91-887, eff. 7-6-00; 92-599, eff. 6-28-02.)

15 Section 99. Effective date. This Act takes effect upon
16 becoming law.